

ASX ANNOUNCEMENT

12 June 2019

GC 21 “BULLEIT” APPRAISAL CONFIRMED AS COMMERCIAL DISCOVERY

- **DTR-10 sand evaluation confirms commercial outcome with development plans progressing**
- **Petrophysical evaluation confirms 119 feet TVD of oil pay in high quality reservoir**
- **Drilling to test the deeper MP sand requires side-track around compromised hole section**

Otto Energy (“Otto”) (ASX: OEL) is pleased to announce that the evaluation of the upper DTR-10 target in the Bulleit oil appraisal well, operated by Talos Energy, Inc (“Talos”) (NYSE: TALO) has confirmed that the well has delivered a commercial outcome.

Petrophysical evaluation of wireline data has confirmed 202 feet MD/119 feet TVD of oil pay in the DTR-10 sand which encountered superior sand development, reservoir characteristics, and fluid properties relative to pre-drill expectations.

Additionally, multiple oil samples were successfully obtained in the DTR-10 with the Reservoir Description Tool (“RDT”) which confirmed the presence of high-quality, 31-degree API oil. The oil samples will provide PVT information for the optimization of the subsea development. The current development plan is a subsea tie-back to the Talos operated Green Canyon 18 platform approximately 10 miles away with first oil expected in 2020.

Since the previous report on 20 May 2019, the attempt to drill to the deeper objective MP sands has been prevented due to poor hole conditions below the DTR-10 sand. Given the hole conditions, the joint venture has elected to sidetrack above the DTR-10 sands at 9,400 feet MD and plans to re-penetrates the DTR-10 sand in a desirable location while attempting to reach the deeper MP target with a fresh well bore. The sidetrack operations do not compromise the ability of the well bore to be used to produce the DTR-10 from this well location as the new penetration point will be within 50 feet of the current intersection of the DTR-10 sands.

The sidetrack operations will take approximately 7 days to drill and cement 11-7/8” liner in the new hole section. Drilling from the 11 7/8” liner to TD the well is expected to take a further 15 days.

Otto’s Managing Director, Matthew Allen, commented: *“The petrophysical evaluation of the DTR-10 sands have confirmed a new commercial discovery, with excellent rock properties and high quality oil. Upon the conclusion of the drilling operations, the well will be suspended as a future producer, with completion and hook-up operations in 2020.”*

Testing of the deeper exploration target of the well, the MP sand, is ongoing and will require a sidetrack due to compromised hole conditions. The MP sands provide additional upside to an already very successful drilling program and Otto is very excited about the remaining potential in this well.”

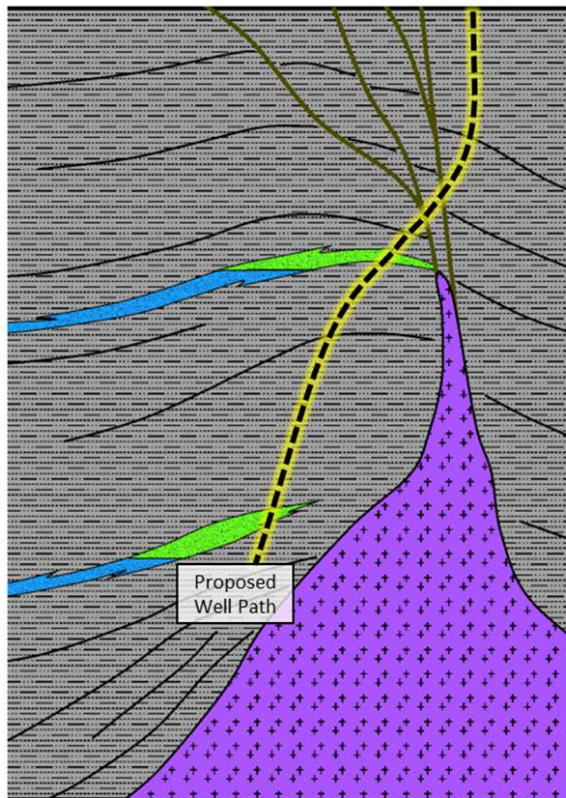
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Bulleit, Green Canyon 21 Key Details		
JV Partners	Talos Energy (operator)	50.00%
	EnVen Energy Ventures, LLC	33.33%
	Otto Energy	16.67%
	Otto Energy will earn a 16.67% working interest in the Green Canyon 21 (GC-21) lease in the Gulf Mexico through paying 22.22% of the cost of the drilling of the Bulleit appraisal well.	
Objectives	Development target (DTR-10 Sands) approximately 8,700 ft TVD The DTR-10 oil sand, which was the shallower target of the Bulleit well, was first discovered in 1984 and had three wells drilled between 1984 and 1987, all of which logged oil pay within the DTR-10 sand package.	
	Exploitation target (MP Sands) approximately 12,800 ft TVD Well to be drilled to 15,500 ft MD/13,823 ft TVD	
Geological Setting	Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous MP sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMboe to date.	
Probability of success:	63%	
Lease terms	Royalty rate 18.75%. Otto NRI 13.34%.	
Development Plan	Talos will complete well as a subsea tieback with a smart completion; tying back to the Talos-operated GC 18A Platform. Adequate capacity for a second well if warranted for acceleration. Date of first production is estimated by Talos to be 12-18 months from spud. Talos expects initial production rates from the MP sands to be between 8,000 and 15,000 boepd.	
	Development capex	US\$80-100 mill. (100%) US\$13.3-17.0 mill. (Otto share)

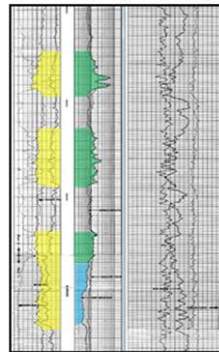


Noble Don Taylor Drillship

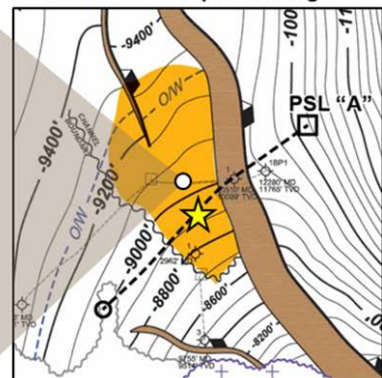
Illustrative Drill Line for DW Tie-Back Prospect (A - A')



Shallow Development Target



Shallow Development Target



Deeper Exploitation Target

Deeper Exploitation Target

